

112TH CONGRESS
1ST SESSION

H. R. 2271

To prohibit the awarding of contracts by the Federal Government to Chinese entities until the People's Republic of China signs the WTO Agreement on Government Procurement.

IN THE HOUSE OF REPRESENTATIVES

JUNE 22, 2011

Mr. ROYCE (for himself and Mr. CONNOLLY of Virginia) introduced the following bill; which was referred to the Committee on Oversight and Government Reform

A BILL

To prohibit the awarding of contracts by the Federal Government to Chinese entities until the People's Republic of China signs the WTO Agreement on Government Procurement.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. FINDINGS.**

4 Congress finds the following:

5 (1) The Agreement on Government Procure-
6 ment (GPA) is a plurilateral agreement among 41
7 members of the World Trade Organization (WTO)

1 that provides reciprocal market access for certain
2 government procurement projects.

3 (2) Members of the GPA submit schedules con-
4 taining lists of covered government entities, as well
5 as goods and services that are open to bidding by
6 firms of the other GPA members.

7 (3) The People's Republic of China became an
8 official observer of the GPA committee in February
9 2002, and formally applied for GPA membership in
10 December 2007, when it submitted its first offer.

11 (4) The United States, along with several other
12 major GPA parties, deemed China's accession bid
13 unacceptable.

14 (5) China submitted a follow-up bid to join the
15 GPA on July 9, 2010, that was viewed as an im-
16 provement from its previous offer, but was ulti-
17 mately unacceptable to all GPA members, in part
18 because the Chinese offer excluded purchases by
19 local and provincial governments as well as state-
20 owned enterprises.

21 (6) Chinese entities continue to be awarded
22 United States Government contracts, despite not
23 being a party to the GPA.

1 (7) Concerns remain over China’s alleged dis-
2 crimatory procurement practices and policies
3 against foreign firms.

4 (8) China estimated its public procurement
5 market at \$110,000,000,000 in 2009.

6 (9) The United States Department of Com-
7 merce estimated the Chinese public procurement
8 market could be as high as \$200,000,000,000 or
9 more in its report entitled “Doing Business in
10 China, 2011 Country Commercial Guide for United
11 States Companies”.

12 (10) The European Chamber of Commerce’s re-
13 port, “Public Procurement in China: European
14 Business Experiences Competing for Public Con-
15 tracts in China” found that “China’s overall public
16 procurement market could be worth over 7 trillion
17 RMB. FIEs (Foreign Invested Enterprise) com-
18 peting for this market face numerous significant
19 non-market challenges”.

20 (11) Congress urges the Chinese Government to
21 end these discriminatory practices against United
22 States businesses.

23 **SEC. 2. PROHIBITION ON GOVERNMENT CONTRACTS.**

24 (a) PROHIBITION.—No department or agency of the
25 United States may enter into any contract with any Chi-

1 nese entity for the procurement of goods or services until
2 the Peoples Republic of China becomes a signatory to the
3 Agreement on Government Procurement.

4 (b) DEFINITIONS.—In this section:

5 (1) AGREEMENT ON GOVERNMENT PROCURE-
6 MENT.—The term “Agreement on Government Pro-
7 curement” means the Agreement on Government
8 Procurement referred to in section 101(d)(17) of the
9 Uruguay Round Agreements Act (19 U.S.C.
10 3511(d)(17).

11 (2) CHINESE ENTITY.—The term “Chinese en-
12 tity” means any entity—

13 (A) which is located in the People’s Repub-
14 lic of China; and

15 (B) the majority of the equity or other
16 ownership interests of which are owned or con-
17 trolled by the Government of the People’s Re-
18 public of China or by Chinese nationals.

19 **SEC. 3. EFFECTIVE DATE.**

20 Section 2 applies to contracts entered into on or after
21 the date of the enactment of this Act.

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